Distr.
GENERAL

GC.8/8
IDB.21/21
6 May 1999

United Nations Industrial Development Organization

ORIGINAL : ENGLISH

GENERAL CONFERENCE

Eighth session
Vienna, 29 November - 3 December 1999

Industrial Development Board

Twenty-first session
Vienna, 23-25 June 1999
Item 5 of the provisional agenda

IMPLEMENTATION OF THE BUSINESS PLAN IN LATIN AMERICA AND THE CARIBBEAN

Report by the Director-General

Reports on the implementation of resolution GC.7/Res.9 as well as on the formulation of integrated programmes for Latin America and the Caribbean.

1. In adopting resolution GC.7/Res.9, the General Conference requested the Director-General to take a number of actions in support of Latin America and the Caribbean within the context of the Business Plan. Documentation issued to the Industrial Development Board in the intervening period covered extensive information on the transformation of UNIDO arising from the adoption of the Business Plan, including development of the service modules and the integrated programmes. The present text refers to specific points contained in resolution GC.7/Res.9 and focuses on the development of integrated programmes for countries in the region.

I. REGIONAL FORUM ON INDUSTRIAL POLICY

2. In developing the new UNIDO service modules for application in all regions, full account was taken of relevant preliminary guidelines for a work programme for 1998 and 1999 for Latin America and the Caribbean, as defined in the report of the 1997 Regional Forum on Industrial Policy. Service modules addressing the concerns reflected in the guidelines include industrial policy formulation and implementation, investment and technology promotion, statistics and information networks

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V.99-83882 (E)

Distr.: 12 May 1999

and continuous improvement and quality management. UNIDO will continue to support future meetings of the Regional Forum on Industrial Policy.

3. Follow-up to the 1997 Regional Forum is a principal topic of discussion in the continuous contacts of the Secretariat with Permanent Missions in Vienna of countries in the region. To enhance the dialogue with UNIDO stakeholders in the region, negotiations are under way for the organization of a UNIDO-sponsored forum on industrial development in Latin America and the Caribbean to be convened in the second half of 1999.

II. COUNTRIES AFFECTED BY ECONOMIC CRISIS

4. Paragraph 1 (b) of resolution GC.7/Res.9 requested the Director-General to devote particular attention to those countries in the region most seriously affected by economic crisis. UNIDO efforts in this regard have focused on programmes to strengthen local capacities for industrial promotion. During 1998, UNIDO activities in Latin America and the Caribbean included 40 newly-approved projects in 15 countries, of which 22 are related to environment and energy. Thirteen projects are in the areas of enhancing industrial competitiveness through quality improvement, industrial promotion and technology, and industrial policy design, while five are aimed at support to employment-generation, particularly in depressed Central American economies.

5. An integrated human resource development programme in Guatemala, Honduras and Nicaragua targets women entrepreneurs in the food-processing industry, for which some 200 women in each country are being trained as trainers. To ensure sustainability, local coordinating staff are being trained and given the tools to provide leadership after the operational completion of the UNIDO project.

6. The establishment of National Cleaner Production Centres in Costa Rica, El Salvador, and Nicaragua has shown that adoption by industry of cleaner production can result in economic benefits as well as environmental benefits. A centre is also being established in Guatemala.

7. A networking programme has been proposed for Central America to meet the information and value added needs of the business community in the targeted countries. The programme would also provide a window for the international business community on available business opportunities in the subregion, including investment technology transfer, export and import, and trade.

III. INTEGRATED PROGRAMMES

8. As an initial step in the application of the new UNIDO service modules in Latin America and the Caribbean, integrated programmes are at various stages of development for four selected countries: Bolivia, Colombia, Cuba and Guatemala. These will be followed by programmes for a second group including Ecuador, Haiti, Honduras, Nicaragua and Paraguay.

9. **Bolivia**: In coordination with the Vice-Ministry for Industry and Internal Trade a UNIDO technical mission visited Bolivia in early May 1999. A programme proposal aiming at assisting the Government in enhancing employment, with special emphasis on the agro-industrial sector and in selected regions, is under discussion. Actions were elaborated to target, *inter alia*, strengthening coordination between national and local support strategies and institutions; strengthening institutional capacities for supporting small and medium enterprises in key agro-industrial subsectors; and improving national capacities in the sustainable management of natural resources, with emphasis on the conservation of biodiversity and exploitation of its business opportunities.

10. **Cuba**: In consultation with the Ministry of Cooperation and Investment, a first outline of an integrated programme was formulated to assist the Government's action for employment enhancement in the manufacturing sector. Using the new UNIDO methodology, a preliminary integrated approach was developed which will address three main priorities: (a) contributing to an efficient, stable energy supply by improving the output of existing mini-hydro power plants and exploring alternative energy sources; (b) providing general management training in basic industries and upgrading technical skills in priority sectors; and (c) improving the access of the manufacturing sector to market intelligence services. The UNIDO programme is mainly oriented to upgrading the national expertise and capabilities of Cuban industrial actors. Five service modules are covered: investment and technology promotion; energy efficiency; rural energy; entrepreneurship development; upgrading agro-industries and related technical skills. A technical mission was fielded in early May 1999.

11. **Colombia**: In consultation with the Vice-Minister of Industry, the following priorities of the Colombian Government have been identified: (a) investment promotion; (b) subcontracting; (c) cleaner production; (d) articulation of promotion instruments and structures; (e) promotion of small and medium enterprises. Congress has approved the following actions within the framework of the new development plan: (a) formulation of a state

policy for industrial development; (b) increased exports; (c) strengthening of competitiveness; (d) focusing industrial policy action in small- and medium-scale enterprises and regional development promotion; (e) promotion of foreign investment and strategic alliances. Based on consultations with a delegation visiting UNIDO Headquarters in late April 1999, a technical mission will be fielded.

12. **Guatemala**: In cooperation with the Vice-Minister of Economy, preparations have been initiated for an integrated programme to increase industrial competitiveness and productivity while emphasizing sustainable development. The UNIDO support programme will address the following government priorities: (a) strengthened capacities at the institutional level--both public and private—to support industrial growth and competitiveness; (b) enhanced competitiveness of private sector enterprises in selected industrial sectors; and (c) strengthened links and networks between private sector enterprises and institutions and the public sector. The UNIDO integrated programme is concentrating on improving the system of standards and accreditation; implementing an industrial information system; creating an enabling environment for the development of small and medium enterprises; and environmentally sustainable considerations in selected agro-industries.

IV. ACTION REQUIRED OF THE BOARD

13. The Board may wish to take note of the information contained in the present document.